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SUBJECT: TOP PANAMANIAN LABOR COUNCIL ENDORSES TPA

¶1. SUMMARY. Panama's top labor council reversed course and voted to endorse the U.S.-Panama Trade Promotion Agreement (TPA) on June 21, 2007. The Executive Council of the National Council of Organized Labor (CONATO) voted 4 to 3 to support the TPA, reversing its earlier opposition in what CONATO coordinator Marcos Allen described as a "difficult, but productive and democratic process." GOP chief trade negotiator Leroy Sheffer said the vote was a significant win for the GOP. END SUMMARY.

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Big Win for GOP: Labor Council Endorses TPA  
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¶2. (U) On June 21, 2007, CONATO announced that a majority of its Executive Council, by a 4 to 3 vote, agreed to support the TPA. The vote was a reversal of CONATO's prior anti-TPA position.

¶3. (SBU) CONATO's vote came after a series of meetings over the past two weeks with GOP trade and labor ministry officials and private sector leaders, culminating on June 21 with a debate among union representatives and CONATO officials. Allen told EconCouns that the debate leading up to the vote was a "difficult, but productive and democratic process." Each Executive Council member was given two hours to present their position. Allen told EconCouns that the change in position resulted because TPA proponents were able to negate "lies and myths" TPA opponents had promulgated over the years. Allen also said TPA proponents focused on the win-win nature of the TPA. Allen said he expected some TPA opponents would still publicly oppose the TPA but would have no basis to complain about the fairness of the CONATO vote or to claim that a majority of its members oppose the TPA. For example, Juan Jovane, former director of the GOP's Social Security System and a highly-regarded advisor to CONATO, argued against the TPA and would likely continue to do so. Scheffer told EconCouns that the meetings were "intense" and the vote was a significant win for the GOP.

¶4. (U) During the meeting, GOP's Minister of Employment and

Labor Development, Reynaldo Rivera, told CONATO officials that while labor would naturally be worried about worker rights, "the government of (President) Martin Torrijos will make no changes to the existing labor code."

15. (U) Among the arguments opposing the TPA were false claims by Jovane that the TPA would endanger Panamanian food safety regulations and that the TPA would give the U.S. preferential rights to obtain contracts for the Panama Canal expansion. While the food safety issue has been a long-standing argument against the TPA, the final negotiating round produce a resolution to the issue which include the creation of a new Panamanian Food Safety Authority. The TPA, in reality, only stipulates that U.S. will be able to bid on Canal expansion contracts on the same terms as other bidders.

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What is CONATO?  
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16. (U) CONATO is a federation of approximately 250 Panamanian labor unions. These unions represent workers in various industries, such as agriculture, services, manufacturing, retail and wholesale commerce and transportation. Allen and other CONATO TPA proponents are expected to attend the TPA signing in Washington, D.C. on June 28, 2007.

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Radical, Outspoken Union Continues Opposition  
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17. (U) National Union of Workers Construction and Similar Industries (SUNTRACS), which is not part of CONATO, continues to oppose the TPA. SUNTRACS is the leader union within the Coordinator of Union Unity (CONUSI). SUNTRACS, primarily a construction workers union, consists of approximately 40,000 official members and claims to represent over 200,000 workers. SUNTRACS has held numerous protests against other GOP initiatives, including Social Security System reforms and the Panama Canal expansion project. In 2005, CONATO expelled CONUSI, along with SUNTRACS, over a differences with SUNTRACS' more confrontational negotiating tactics. In the wake of several losses, however, SUNTRACS is returning to bread and butter construction union issues, most notably a campaign calling for enforcement of construction labor safety norms.

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Comment  
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18. (U) COMMENT. While passage of the TPA in the Panamanian Assembly is widely expected, the CONATO vote is a major victory for the GOP in winning broad-based support for the TPA. The GOP has worked hard to include business and labor in the TPA negotiation process in order to win their support. The CONATO vote should bolster the standing of MICI Minister Alejandro "Andy" Ferrer and adds considerable wind to the GOP's sails heading into the June 28 signing. END COMMENT.  
EATON